

Message Text

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POUCHED TO ALL CONSULS IN CANADA

E.O. 11652: N/A

TAGS: EFIN, EIND, ETEL, SCUL, CA

SUBJECT: BILL C-58: PARLIAMENTARY CONSIDERATION

1. DURING FEBRUARY 4 DEBATE, SECRETARY OF STATE FAULKNER MADE MAJOR SPEECH SUPPORTING GOC MEASURES: 1) REVIEWED ORIGIN OF "NOT SUBSTANTIALLY THE SAME" REQUIREMENT IN CONTEXT OF 1960 ROYAL COMMISSION ON THE CANADIAN PERIODICAL INDUSTRY REPORT; 2) DISMISSED CONCERNS BASED ON RESTRICTIONS OF PRESS FREEDOM; 3) EXPLAINED DECISION-TRAIN RELATING TO 80 PERCENT REQUIREMENT; 4) JUSTIFIED ARRANGEMENTS WITH READER'S DIGEST ON BASIS OF ITS DECISION TO CONFORM WITH THE LAW, AND 5) MADE IT CLEAR THAT ONUS IS ON TIME TO DO THE SAME IF IT WISHES TO RETAIN ITS CANADIAN STATUS.

2. FAULKNER DESCRIBED READER'S DIGEST ARRANGEMENT AS FOLLOWS: BEGIN QUOTE. SO WHAT HAPPENS TO READER'S DIGEST OR ANY MAGAZINE WHICH WANTS TO BE A DIGEST? WELL, IF THE EDITORS SIT DOWN AND READ THE ARTICLES AVAILABLE AROUND THE WORLD, MAKE THEIR CHOICES, CONDENSE THEIR ARTICLES AND PUBLISH THEM, IT IS FINE. WE MADE THAT POINT AT SOME LENGTH IN THE COMMITTEE. BUT THEY CANNOT BUY MORE THAN 20 PERCENT OF THE ALREADY DIGESTED AND CONDENSED MATERIAL FROM SOMEONE ELSE WHO HAS DONE IT FOR ANOTHER MAGAZINE

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WHILE SAYING THEY ARE CANADIAN.

IN THE CASE OF READER'S DIGEST, IT MEANS THAT PRE-DIGESTED ARTICLES OR THOSE ORIGINATED BY FOREIGN EDITIONS OF READER'S DIGEST CAN ONLY MAKE UP 20 PERCENT OF THE MATERIAL IN ANY GIVEN ISSUE. THE REST OF THE WORK HAS TO BE DONE HERE WITH NO OBLIGATION TO A PARENT COMPANY OR TO FOREIGN EDITORS. THUS, EDITORS AND PUBLISHERS WILL STILL REMAIN FREE TO DO WHAT THEY PLEASE. FOR EXAMPLE, THEY CAN SELL THEIR EDITORIAL AND FINANCIAL CONTROL TO FOREIGN INTERESTS AND STILL BE ABLE TO CIRCULATE FREELY IN CANADA. I AM REFERRING TO SUCH MAGAZINES AS THE ECONOMIST, NEWSWEEK, LE NOUVEL OBSERVATEUR, AND A HOST OF SUCCESSFUL FOREIGN MAGAZINES. THEY CANNOT SELL TO FOREIGN INTERESTS AND QUALIFY THEIR ADVERTISERS FOR CANADIAN TAX PRIVILEGES AT THE SAME TIME. ONCE AGAIN I WOULD SAY TO HON. MEMBERS THAT I DO NOT CONSIDER THIS TO BE CENSORSHIP. I TRY TO MAKE THE CASE AS RATIONALLY AND DISPASSIONATELY AS POSSIBLE. I THINK IT IS COMMON SENSE.

THE HON. MEMBER FOR EDMONTON STRATHCONA HAS BEEN TALKING ABOUT A BACK DOOR DEAL DESIGNED TO PROTECT READER'S DIGEST. THERE HAS BEEN NO DEAL AND THERE HAS BEEN NO REPRIEVE. I THINK THE MINISTER OF NATIONAL REVENUE MADE THAT POSITION ABUNDANTLY CLEAR LAST NIGHT. WHAT HAS HAPPENED? IT SHOULD NOT COME AS A GREAT SURPRISE TO HON. MEMBERS. READER'S DIGEST DECIDED TO CONFORM WITH THE LAW, AND THAT WAS THEIR OPTION.

THERE ARE PEOPLE IN THIS COUNTRY WHO SUPPORT THE BILL AND WHO VIEW IT AS A DEVICE TO GET RID OF THE TWO MAGAZINES, BUT I HAVE BEEN PERFECTLY CANDID WITH THE HOUSE AND WITH THE PUBLIC THAT THAT HAS NEVER BEEN MY INTENTION. MY SOLE INTENTION HAS BEEN TO EQUALIZE THE IMPACT OF THE LAW. IF THEY CAN CONFORM, SURELY THAT IS THEIR RIGHT. IF THEY DECIDE NOT TO CONFORM, THAT IS EQUALLY THEIR RIGHT.

WHAT READER'S DIGEST HAS DECIDED TO DO IS TO CONFORM. THAT WAS THE ANNOUNCEMENT THAT WAS MADE, I TAKE IT, UNCLASSIFIED

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YESTERDAY OR THE DAY BEFORE, OR WHENEVER IT WAS. I DO NOT THINK WE SHOULD UNDERESTIMATE THE DIFFICULTIES AHEAD OF THEM. I THINK WE ARE BEING RATHER CASUAL ABOUT THE ANNOUNCEMENT, AND RATHER MACHIAVELLIAN IN SEARCHING FOR MOTIVES. THE FACT IS THAT THE TASK AHEAD OF READER'S DIGEST, AND PARTICULARLY THE PUBLISHERS OF THAT MAGAZINE, IS VERY DIFFICULT. TO CONFORM, THEY HAVE TO GO TO 75 PERCENT OWNERSHIP, THEY CANNOT OPERATE UNDER

A LICENSE WITH THEIR PARENT COMPANY, AND THEY CANNOT BE SUBSTANTIALLY THE SAME AS THE U.S. EDITION. THEY CANNOT BE, TO USE THE LANGUAGE OF THE O'LEARY REPORT, A PALE FACSIMILE. END QUOTE.

3. AT THE OUTSET OF THE DEBATE, SPEAKER TOOK WHAT APPEARS TO BE UNUSUAL INITIATIVE IN SUGGESTING THREE PROPOSED BROADCASTING AMENDMENTS TO BE IRRELEVANT TO THE PRINCIPLE OF THE BILL AND TO CLAUSE 3 DEALING WITH TRANSITIONAL ARRANGEMENTS IN PARTICULAR. THESE AMENDMENTS WOULD HAVE OFFERED ADVERTISERS RIGHT TO DEDUCT COSTS ON FOREIGN STATIONS IF THE STATIONS HAD MADE VARIOUS TYPES OF ARRANGEMENTS TO FINANCE CANADIAN BROADCASTING. THE AMENDMENTS APPEAR TO REFLECT THE POSITION OF STATION KVOB (BELLINGHAM) AT DECEMBER HEARINGS.

4. COMMENT: OPPOSITION TO BILL ON PERIODICAL SIDE-- ESPECIALLY FROM P.C'S AND A FEW LIBERALS -- CONTINUED INTENSELY. NO SIGNIFICANT DISCUSSION OF RADIO-TV SEGMENT TOOK PLACE-- UNDOUBTEDLY A REFLECTION OF THE STRONG EFFORTS OF THE CANADIAN ASSOCIATION OF BROADCASTERS AMONG BACK BENCHERS. RECENT CAB PAMPHLET AND PRESS RELEASE ON THIS ISSUE AND DELETION SENT BY EMBASSY TO WASHINGTON AGENCIES THIS WEEK.

JOHNSON

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